

The Analytic ACCOUNTANT

2019-2020 | Vol. 2



**SCHOOL OF
ACCOUNTANCY**
21

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CALIFORNIA STATE UNIVERSITY
FULLERTON

**MIHAYLO COLLEGE
OF BUSINESS AND ECONOMICS**



LETTER *from the Chair*

Vivek Mande, Ph.D.

Dear Alumni, Students and Friends,

What a strange year this has been! In March, the campus was shut down and we began virtual teaching. Similar to universities across the country, we saw disruptions and hardships in the lives of our students and their families. Our faculty had to quickly adapt to virtual teaching, while also counseling our students on how to deal with high stress and uncertainty. I am very proud of our faculty who demonstrated innovation in their use of technology and quickly adapted to the situation. My priority for this summer is to continue to prepare our faculty for virtual teaching for this fall by providing them with training and technological resources. The Department of Accounting will be open for business in fall 2020!

In the midst of this chaos, we continued to focus on curriculum. We have developed a “new” MSA in accountancy program with two tracks that are set to launch in fall 2020. All core courses in this program will be team-taught with professionals in the field. For our undergraduate curriculum, we have begun to offer an internship class for academic credit. Also, tracks in the undergraduate curriculum will be offered soon. Stay tuned!

We are excited to announce that we have taken a significant step towards the transformation to a School of Accountancy! This initiative was propelled by a gift of \$1 million from the Kelley Family Trust. The new School of Accountancy will allow us to offer a distinctive and cutting-edge curriculum; one that focuses on the real world, technology and analytics. Earlier in the year, we collaborated with UiPath, a robotic process automation firm, and Alteryx, to incorporate advanced technologies in our curriculum. Offering a top-notch curriculum will always be THE biggest priority for the department.

These transformative changes would not be possible without the help of the Accounting Advisory Board, our alumni and our local business partners. The School of Accountancy Fund is officially open, bringing us one step closer to our goal. I invite all of you to be involved and to support us in this effort!

Vivek

Vivek Mande, Ph.D.
Accounting Department Chair



Rashad Abdel-Khalik delivers his keynote address

ETHICS *Symposium*

The department hosted its annual Accounting Ethics Symposium on Sept. 19, 2019.

Rashad Abdel-Khalik from University of Illinois discussed the escalation of trading in derivatives and failure of accounting standards to help companies and users capture the economic substance of those derivatives.

David Walls, a forensic accountant, introduced the area of forensic accounting and how to collect data, extract information from unstructured data and prepare a forensic accountant report!

The symposium aims to help students build and practice the skills they need to recognize, speak and act on their values when ethical dilemmas arise.

The symposium is supported by an instruction related activity grant awarded to James Gong.



Attendees listen intently to the presentation

A packed auditorium learning
about the accounting profession

ACCOUNTING *Expo*

Are you thinking about choosing accounting as your major? Join the more than 500 students who attend the annual Accounting Expo! The 2019 Accounting Expo featured a discussion with experienced partners in accounting firms, CFOs and controllers about the future of the accounting industry. A panel discussion followed, focused on recruiting, an important process for accounting students.

Jon Durrant, a full-time faculty member noted, “The Accounting Expo is helpful for both students who are undecided about careers in accounting, and for students who have decided to major in accounting, but aren’t sure how to start that process.”

Uniform CPA *Exam*

Passing the Uniform CPA exam is a critical step on your pathway to becoming a CPA. In spring 2020, the Department of Accounting held its first collaborative event with CalCPA/Becker. The CPA Exam Boot Camp gathered approximately 80 students! The boot camp provided an overview of the exam, a deep dive into the four parts of the exam, and tips for preparing and studying for the exam.

Mayra Encarnacion, a part-time faculty member, observed: “A frequently asked question is in regards to the difference in CPA licensed accountants vs. non-licensed accountants. We discuss the benefits of the CPA license in terms of the job opportunities, the freedom of running their own business, being able to prepare certified financial statements and to represent clients before the Internal Revenue Service. Privileges that are not available to non-licensed accounting professionals!”



Attendees listen intently to the presentation

GRADUATE *Student Reception*

– Fall 2019

The Graduate Student Reception gives faculty and graduate students the opportunity to interact and network with each other in a setting outside of the classroom. The many topics of discussions are usually centralized about the classes, questions about the different types of job opportunities and the big debate between government, private and CPA firms!

Professor Margaret Kim noted, “Having worked in public accounting and industry before becoming a professor, I was happy to share my perspective on different career paths. Returning students at the reception also offer advice and connect with the newly admitted students. With the ability to draw upon the knowledge of faculty and current students, newer students could get thorough advice about selecting from the multiple tracks within our MSA program as well as information about the variety of extracurricular activities and career resources available to them.”

Lecturer Neil Kuritzky added, “While I think building relationships with faculty is a significant benefit as students need to find a mentor to assist with writing their papers, it is not the only benefit. Coming together from different disciplines allows networking – I believe one of the greatest benefits, other than a degree, is for students to meet new colleagues and relationships can continue for life.”

Said MSA student Regina Enriquez: “I thought the spring 2020 Graduate Student Reception was helpful and I’m glad I attended. As a new student, it was great to meet the faculty and hear them speak about the MSA program and the courses that will be offered next semester. It was an opportunity for me to learn about other accounting career options that I have not considered before.”



Graduate students mentored by Lecturer Mayra Encarnacion



Professor and Director Vivek Mande welcomes new graduate students

The New MSA and Data Analytics Track

The M.S. in accountancy (MSA) program offered by Mihaylo College has a solid reputation in Orange County and throughout California. Recently, the Department of Accounting redesigned the MSA program to focus on the skills and knowledge that students need to excel in the contemporary business environment. The major changes to the MSA program include the following:

- Focus on data analytics and technology. Students will learn to use data analytics tools such as Tableau, Alteryx, Power BI, robotic process automation (e.g., UI Path) and block chains applications to analyze the huge volumes of data.
- New tracks. The new MSA program includes an auditing track and a managerial track.
- New courses. Faculty members are actively designing and teaching new graduate courses to prepare students for the continuously evolving global business environment. New graduate courses include ACCT 503 – Seminar in Accounting Data Analytics, ACCT 504 – Seminar in Advanced Accounting Analytics and Technology, and a redesigned ACCT 502 – Seminar in Accounting Theory that blends theoretical concepts with professional accounting standards research.
- Team Teaching. More graduate courses are now being team-taught by faculty members and professionals from the accounting and auditing professions.



Walied Keshk,
director of the MSA program

The Master's in Tax (MST): *Tax Transformation and Technology*



Barry Gershenovitz,
director of the MST program

Tax professionals and tax departments are experiencing unprecedented change. Tax professionals are turning to technology and developing transformation strategies to contend with all these business and regulatory changes.

In response to these changes, the CSUF master in tax program now includes a course entitled Tax Transformation and Technology. This class is the first of its kind to be offered in a graduate-level tax program. The curriculum exposes tax students to numerous technologies such as data integration tools, data visualization tools, robotic process automation, machine learning and artificial intelligence applications.

ACCT 404

Emerging Technologies in Accounting

What sets one job candidate apart from another? Skills, attitude and experience. Technology skills, on top of honed financial skills, are and will continue to be needed for students to advance in their careers. Recognizing this need, CSUF faculty have developed a targeted undergraduate course which integrates students' accounting knowledge with tools that can automate, analyze and visualize key information and data.

Students majoring in accounting now have this unique elective course – a course that we have not found anywhere else – where they will learn a bevy of technology skills – such as creating a software robot with UiPath to automate processes; extracting and transforming data with Alteryx; and creating stunning visualizations using Tableau, PowerQuery and PowerBI. This course will integrate other relevant technologies such as Python, SQL and iXBRL along the way.

Building on our academic alliances with UiPath and Alteryx, students will benefit from guest presenters and speakers, providing use cases and hands-on experience using these technologies.

ACCT 404 instructor and CCRG Associate Director April Morris says, “At CSUF, our mission is to prepare our graduates for success – not just for today but for the future as well. This course is a perfect example.” Listen to the student perspectives about this course so far:

Student Testimonies About ACCT 404

“I am able to create a stunning dual axis chart using Tableau. I am particularly excited to continue using Tableau and to learn how to use UiPath, Alteryx and Python as the semester progresses to gain an advantage over other job seekers since I know the Accounting industry is starting to adopt these technologies.” – Sami Gammoh

“ACCT 404 has exposed me to the benefits of robotic process automation along with a deeper understanding of my own computer software in the process! I look forward to using RPA to create shortcuts in my personal routines and to having this skill under my belt in the workforce.” – Kristina Best

“This course has introduced me to various tools that will be useful for me when I apply for my internship this summer with EY in risk advisory. Our class has worked with Tableau and UiPath, both technologies that have significantly transformed the way businesses operate in today's market.” – Lana Nguyen



April Morris,
lecturer and technology expert

CAL STATE FULLERTON ACCOUNTING PROGRAM TEACHES STUDENTS REAL WORLD DATA ANALYSIS SKILLS *Through Alteryx Partnership*

Recognizing the significance of data analytics in the business and accounting fields of the future, Cal State Fullerton's Department of Accounting is incorporating a platform developed by Irvine-based software company Alteryx into its curriculum.

The program will provide free software licenses to Cal State Fullerton, enabling instructors to engage students in predictive, statistical and spatial analytics using Alteryx software. The data analysis skills taught in this program will prepare business students to solve real-world business problems and give them a competitive edge when they enter the workforce.

"Our accounting curriculum has evolved into a world-class, tech-forward, real-world, experience-based model," says April Morris, accounting lecturer, associate director of the Center for Corporate Reporting and Governance (CCRG), and instructor of the ACCT 503 – Analytics in Accounting class. "Alteryx is a great platform for students to learn – intuitive, responsive and powerful."

By spring 2020, the platform will be fully integrated into the department's accounting curriculum. The new initiative builds on a spring 2019 section of ACCT 503, a graduate-level "toolbox" course for data analytics and robotics process automation (RPA), which featured presentations and demonstrations of Alteryx products by industry users. In that course, students used the platform to clean and combine data for a final project.

"We are delighted to be the first accounting program in the CSU system to work directly with Alteryx in leveraging an educational platform that embraces the resources of Alteryx, including its 'community' feature combined with real-world data supplied through CSUF, to create a challenging and realistic educational experience," says Vivek Mande, accounting professor and director of the Department of Accounting. "We are also very excited about the reception our programs have had with employers of all sizes and look forward to seeing what the future holds."

business.fullerton.edu/news-alteryx



Cal State Fullerton Seal



Yan Luo from San Diego State University presents her research

EVENTS

HASKELL & WHITE *Conference*

Thanks to Haskell & White, the center hosted its 15th annual Corporate Governance Conference at the Hotel Irvine in 2019. Moderated by accounting graduate students, the conference featured faculty presentations from universities around the nation. Wayne Pinnell, managing partner from Haskell & White, ended the event by presenting the best paper award.

The conference is intended to provide opportunities for academics to engage with experienced researchers, receive feedback on their work and network with the practicing community!

CENTER FOR CORPORATE REPORTING AND GOVERNANCE HOSTS ITS 18TH ANNUAL SEC “HOT TOPICS” CONFERENCE *at the Hotel Irvine to A Sold-Out Crowd*

On Sept. 20, 2019, the Center for Corporate Reporting and Governance hosted the 18th annual SEC Hot Topics Conference at the Hotel Irvine – covering topics such as robotic process automation and what you should know about it, updates from the Securities and Exchange Commission, PCAOB and FASB, panels on board diversity, and environmental social and governance (ESG) issues.



Marie Myers delivers her keynote

The event included two keynote speakers. First was Marie Myers, CFO of UiPath – a leader in robotics process automation (RPA) who provided insight to attendees about RPA and its increasing role in business. During lunch, the group was “infotained” by David Cieslak, also known as “Inspector Gadget,” who provided insight on technologies on the horizon – and a review of what works and what doesn’t.

This year’s event provided additional insight on topics that are impacting most businesses – whether public or private – in Orange County. The conversation-style panel format and the ability of the audience to interact with the panels through Poll Everywhere allowed everyone to voice their opinion and ask questions. Most events of this size experience a dramatic drop in attendance by the last panel. But at the 2019 conference, the majority of the audience was still in attendance by the time the last panel was on stage – the mark of a truly successful event.



Panelists discuss diversity in the boardroom

If you missed it, you missed out on hearing how RPA is dramatically increasing business efficiency and effectiveness, how Edwards Lifesciences and Western Digital are using ESG as an advantage; what does it take to be an effective board member; and how do you go about creating a diverse board, and how analytics helps companies such as Apex parks streamline their operations.

We hope to see you at our next event on Sept. 25, 2020 that features Diane Swonk and SEC Commissioner Elad Roisman!



NETWORKING

MEET THE FIRMS

Meet the Firms is the central recruiting event that is held each semester and is hosted by the accounting student organizations: the Accounting Society and Beta Alpha Psi (BAP). This event is hosted in a local hotel ballroom and is packed with more than 500 students and more than 200 professionals. It is the best method for a student to obtain a job or internship. Many local accounting firms table with recruiters and professionals to network and informally interview.

ACCOUNTING FEST

Accounting Fest is an event early in each semester that gives students the opportunity to meet with a handful of accounting firms. It is a great opportunity to meet with the campus ambassadors, staff and recruiters alongside, gauging the expectations of the firms. It is a perfect place to start for accounting students who are interested in networking with recruiters.



Officers and members of student organizations

CAL STATE FULLERTON ACCOUNTING SOPHOMORE MARA CLIFFORD

Selected for KPMG Leadership Program in Hungary

Thanks to the KPMG Leadership Edge Global Advantage Program, which provides international professional development opportunities for aspiring accountants, Cal State Fullerton Mihaylo College sophomore and KPMG intern Mara Clifford '21 spent part of her summer in Budapest, the capital of Hungary.

"We are really thrilled that Mara was selected to this elite internship program," says Vivek Mande, professor of accounting and chair of the Department of Accounting. "This is incredible opportunity provided by KPMG for Mara to develop her leadership skills and invest in her future."

Clifford discusses what she learned, what it was like visiting Eastern Europe and her plans for the future.



What were the high points of your experience in the Global Advantage Program?

The high points were definitely when we went to explore the city as a group. The other participants in the program were very friendly and came from different places and backgrounds. We had a lot of time to learn about each other while we explored the beautiful city of Budapest. Whether taking Monsteroller Tour, learning to make strudel, or seeing the St. Stephen's Basilica and the Parliament Building, we connected with each other and had a great adventure.

The most impactful part of the program was learning about one of the company's cyber security managers, Andreas Orset, and his journey from the military to being paid to test outdoor equipment in all conditions through Norway, and now is a part of the KPMG cyber security team in Norway. It was amazing to hear how someone can pursue so many paths in life, and now find his home with a company like KPMG. While it can be difficult to know exactly what the endpoint of your journey is, his story helped us realize that it really is about the stops you take along the way that create the adventure.



Budapest City

How will your participation impact you in the future?

The leadership program gave us the opportunity to look at life with a new set of eyes. Traveling has always been my passion, and a part of this is learning about the unique characteristics of different cultures.

Working with people from around the world gave us a new understanding for the different qualities that leaders demonstrate. By being aware of diverse personality types, the program better prepared us for knowing how to bring out the leader in those around us.

What were some of your favorite places in Hungary and what was the culture like?

Budapest is an absolutely breathtaking city full of history and culture. The city streets are busy, with outdoor restaurants and shopping everywhere you look. It was interesting to try the local dishes, like goulash, along with tasting wines that are available only in Hungary. It was very enlightening to talk with the locals as well, because many of them moved there from around the world. This creates a really exceptional mixture of cultures.

business.fullerton.edu/news-kpmg

WHERE DO ACCOUNTING FIRMS TURN FOR TOP-NOTCH TALENT? *Mihaylo College Grads! At One Irvine Firm, 60% are Titans*

When Southern Californians need accounting services, chances are at least some of the professionals involved will be Cal State Fullerton accounting Titans.

That's because accounting firms in Orange County and beyond – from offices of the Big Four firms to boutique establishments and family-owned practices – rely on the college's versatile and diverse graduates for the next generation of talent.

Titan Grads Are a Majority at White Nelson Diehl Evans

Accounting alumnus Paul Treinen '90, a managing partner at White Nelson Diehl Evans LLP, an Irvine-based tax and auditing firm, conducted an internal survey of the accountants on his staff and found that 60% were Cal State Fullerton graduates.

"We've had a long tradition of hiring Fullerton grads, but I was surprised at how high the percentage was," he says.

As vice chair of the audit committee of Cal State Fullerton's Philanthropic Foundation board, Treinen sponsored a lunch where his employees discussed their Titan experiences with CSUF President Fram Virjee and faculty members from Mihaylo College.

President Virjee said the high percentage of Cal State Fullerton grads didn't surprise him, and demonstrates the impact of the university on the Orange County community.

"When I speak with CEOs in Orange County, I'm often told, 'About half of our workforce consists of Titans. I'll take a Titan any day,'" he says. "We need Orange County and the county needs us. With almost 300,000 alumni, many of whom stay in Orange County and Southern California, the university reflects the community and prepares students to be workforce ready."

business.fullerton.edu/news-wnde



White Nelson Diehl Evans CPAs

Q&A With Fall 2019 Scholarship Recipients



JAVIER HERNANDEZ
PCAOB Fellowship Award Recipient

How has the scholarship impacted/affected you and your education at CSUF?

Thanks to the PCAOB scholarship, I can afford to take more classes that will help me meet my CPA requirements. I'm very grateful for this opportunity and will remain motivated to continue making progress towards my career in audit.

What did you like about the accounting program and how did it prepare you?

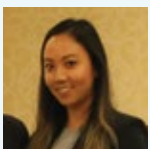
There are four areas that I believe make the accounting program at CSUF great: the department itself, the professors, the student groups and the firms who recruit with us. The accounting department is always full of friendly faces who are willing to help solve any issue. The professors are passionate about their work and prepare students for the real world by bringing in their business experience to the classroom. The student groups and local firms/recruiters do a great job coordinating events for networking.

What are your future career plans?

I plan to pursue a career in external audit. I completed the start internship with PwC in summer 2019 and will be returning for their assurance internship in June 2020.

Is there any advice you would give accounting majors?

My advice to other accounting majors would be to stay fully engaged and get involved with the community. I would recommend joining a club and applying for leadership positions. Also, be sure to utilize your resources on campus and seek mentors who can help you achieve your goals.



JAMIE CHA
Ernst & Young Graduate Student Leadership Award Recipient

How has the Ernst & Young Graduate Student Leadership Award affected you as a graduate student?

At a surface level, the award relieved a huge portion of my tuition that I was asking my single mom to help me pay. More importantly, the award boosted my confidence in the career-changing decision I had made to pursue my dreams in public accounting.

Is there any advice you would give accounting majors?

Join a community like Accounting Society or Beta Alpha Psi! Growing and working with like-minded individuals taught me the value of support and innovation that was only possible with the camaraderie I found through these clubs.



SAMANTHA ELPERN

TEI Orange County Scholarship Recipient

How has the TEI Orange County Scholarship affected you as a graduate student?

I am very grateful for the nomination and award, as it has pushed me to take on new endeavors at work, such as creating new templates for department use and leading staff training.

What are your future career/academic plans?

I am hoping to be promoted to manager in the next few years or so. It will take some time to finish my degree while working but that is on the docket as well.

Is there any advice you would give accounting majors?

You do not need an MST to be marketable as a brand-new tax staff. I think it actually might be a hindrance, because you are requiring a higher pay for

an equal amount of inexperience as other applicants with just a bachelor's degree. I am not familiar with the audit side, but tax specifically has a steep learning curve, and everyone starts at the bottom of it when they leave school. And that's not a bad thing! It's just a fact of life. If you need extra units for your CPA exam, take the classes somewhere less expensive like a community college. Beyond that, if you are entering an MST program with no real-world tax experience, the information will not stick. If you have a client base to apply the information to, you will get more out of your classes - and that won't happen if you enter a master's program straight out of an undergraduate program. Also, many employers sponsor master's programs! Keep that in mind.



SPENCER ZONE

Student Leadership Award Recipient

How has the Department of Accounting Student Leadership Award affected you?

I was incredibly honored to be awarded the Accounting Student Leadership Award! It was extremely encouraging to be recognized by the entirety of the CSUF Department of Accounting for one of my passions! However, I wouldn't be here if not for my incredible mentors, board, and friends, so this award is equally extended to them. In the future, I will continue to lean in and lift up those around me!

What are your future career/academic plans?

I'm fortunate enough to have been offered a full-time position as an Assurance Associate with PwC! I'm looking forward to beginning my accounting career with my new family. Currently, I'm studying for my CPA exams in hopes of completing them before starting work in September. In the future, I'm also aiming to pursue an MBA!

Is there any advice you would give accounting majors?

The single greatest advice that I have for all accounting majors is to get involved early! Being that CSUF is a commuter school, it's easy to get into the mindset of simply going to school and then going back home. Speaking as a commuter student myself, I found that getting involved in both the Accounting Society and Beta Alpha Psi enhanced my college career as a whole. Both clubs provided me with the necessary mentorship (from students that had already received offers with other firms) so that I could be successful throughout my recruiting experience. Additionally, I found a family in both clubs and met multiple individuals that I consider to be lifelong friends. I can confidently state that joining both organizations made my college experience feel fulfilled.

ACCOUNTING TODAY *Highlights*

Cal State Fullerton Free Tax Preparation Program

Each year, hundreds of low-income Orange County residents, including many Cal State Fullerton students and their families, receive no-cost professional tax preparation through the Volunteer Income Tax Assistance (VITA) program at CSUF's Mihaylo College of Business and Economics.

The program, in which 80 IRS-trained accounting students offer free tax preparation services to people who may otherwise not be able to afford professional tax assistance, was recognized by Accounting Today, a major new York-based trade magazine in the accounting industry.

The VITA program is currently serving taxpayers each Friday and Saturday from 9 a.m. to 4 p.m. at EC-008, in the lower level of the Education Classroom building on the Cal State Fullerton campus. The service is available to California residents who are employed or are self-employed, provided their income (or combined household income) is \$60,000 or less.

business.fullerton.edu/news-VITA

VITA (*Volunteer Income Tax Assistance*)

CSUF VITA is the only walk-in and student-run site among all the VITA sites in Orange County. For the 2019 tax season, we had more than 100 volunteers and held 22 tax events. As a result, we prepared 972 tax returns through traditional VITA and MyFreeTaxes.com. We had one of the lowest rejection rates among the VITA sites in Orange County. For the 2020 tax season, we held training during the second week of January for our members to help them become certified volunteers and pass the certification exams. More than 100 members attended the training.



NEW FACULTY *Fall 2019-2020*



MEGAN GRADY

Megan Grady received her doctorate in accounting from Texas A&M University in 2020. She previously received her bachelor's and master's degrees in accounting from the University of Arizona in 2012 and 2013, respectively. Prior to earning her doctorate from Texas A&M University, Megan worked as an auditor for several accounting firms including CBIZ MHM, PwC, and KPMG. She is a financial archival researcher. Her current research focuses on the impact of political connections and corruption on monitors, both internal and external, and the ultimate implications this has for financial reporting policies and practices.



ZHEJIA LING

Zhejia Ling received her Ph.D. degree in accounting from the University of Iowa. She also earned her master and bachelor's degrees in accounting from Renmin University of China. She worked for public accounting firms and World Bank Group before and has served on the faculty of Iowa State University. Zhejia's research focuses on corporate disclosure and its relation to capital markets. Her work has examined executives' effects on corporate disclosures, how firms' economic fundamentals affect disclosure, and the interaction between capital market participants and accounting information. She has published in *Management Science*, *Journal of Business Finance and Accounting*, and *European Accounting Review*. Zhejia has a wealth of experience teaching a variety of classes including financial accounting, managerial accounting, and economics to diverse groups of students (undergraduates, MBA, and EMBA students).

FACULTY RESEARCH/PUBLICATIONS 2019-2020

Chen, A., Gong, J., and Lu, R. (2020). "The effect of principles-based standards on financial statement comparability: The case of SFAS-142." *Advances in Accounting*.

This study examines the effects of a prominent principles-based standard (SFAS-142, *Goodwill and Other Intangible Assets*) on financial statement comparability. We find that SFAS-142 decreases comparability among goodwill-intensive firms, as well as comparability between goodwill-intensive and non-goodwill-intensive firms. We also find that these reductions in comparability are less severe when the verifiability of net assets is higher. Overall, the results suggest that principles-based standards may reduce comparability, particularly when the accounting items entail high uncertainty and verifiability is low.

Choi, W. "Disclosure Tone of the Spin-off Prospectus and Insider Trading." *Accepted for publication by Journal of Accounting and Public Policy*

This paper documents a negative association between the abnormal tone (optimistic versus pessimistic) of the management's discussion and analysis in a spin-off prospectus and the insider trading pattern (buy vs. sell) in the spun-off subsidiary within three months of the spin-off date. I find that the insider purchases result in substantial long-term excess returns, especially when they are accompanied by an abnormally negative tone. Given that insiders are extensive net buyers of stock in new spin-offs, these findings suggest that managers may use more pessimistic tone in the prospectus to disguise the upside potential of the spun-off subsidiary to seize the opportunity to purchase shares at lower cost.

Choi, W., Mande, V., and Son, M.. "How Do Investors React to Auditor Resignations?" *Accepted for publication by International Journal of Accounting and Finance*

Many prior studies examining stock market reaction to auditor changes have focused on short windows

surrounding their announcements. Expanding the test window, we document a downward market reaction that begins 60 days prior to auditor resignation announcements and continues for at least 30 days after the announcements. Our analyses using longer pre- and post-announcement windows provide a fuller picture of the stock market reaction to auditor change events. We also find that there is negative market reaction to reportable events disclosures in the Forms 8-K in the post-SOX years. This suggests that post-SOX, rather than simply assume that resignations are signals of bad news, investors find the specific reasons provided for the resignations to be incrementally useful.

Das, S., Gong, J., and Li, S.. 2020. "Accounting expertise of board committees and the consequences of financial restatements." *Journal of Accounting, Auditing and Finance, Forthcoming*.

Using financial restatements as the contextual setting, we examine whether the accounting expertise of board committees affects the consequences of financial reporting quality. Our results show that the presence of audit committee members with accounting expertise moderates the consequences of restatements, resulting in less negative stock market reactions and a lower probability of CEO turnover. For the compensation committee, we find that accounting expertise reduces the probability of CEO turnover, while non-accounting financial expertise exacerbates the negative stock returns around restatement announcements.

Durrant, J., Gong, J., and Howard, J.. 2020. "Changes in Executive Compensation in Anticipation of the Tax Cuts and Jobs Act of 2017." *Under review at Journal of Management Accounting Research*.

We examine the impact on executive compensation design by two major changes in the Tax Cuts and Jobs Act of 2017 (TCJA): reducing corporate tax rates from 35% to 21% and eliminating the

performance-based exception to the \$1 million limit on executive compensation. We posit that firms faced greater incentive to take preemptive actions in 2017 to maximize tax benefits from performance-based compensation before deductibility is eliminated. We find evidence of a larger increase in 2017 for CEO bonuses and options. Our difference-in-difference results are consistent with the tax rate reduction incentivizing the increase in bonuses and the repeal incentivizing the increase in stock options.

Durrant, J. (Research in progress)

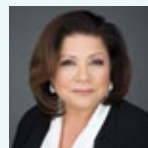
We provide evidence that adopting a tax-haven subsidiary triggers short-term cash tax payments. Following the adoption of a tax-haven subsidiary, GAAP effective tax rates (ETRs) decrease and cash ETRs increase. These results suggest that either the longer-term cash benefits or the short term financial-reporting benefits (or both) outweigh the short-term cash costs. We also find that, following the adoption of a tax-haven subsidiary, firms significantly increase their annual PRE (permanently reinvested earnings) designations, and these PRE designations have a larger effect on reducing GAAP ETRs. Taken together, these results provide strong evidence that the adoption of a tax-haven subsidiary is at least partially motivated by the associated financial-reporting benefits.

Her, Y-W., Howard, J., and Son, M. (2019). "Timing of Auditor Terminations and Client Firm Risk." *Managerial Auditing Journal*, 34 (6), 650-672. Accepted for publication in *Managerial Auditing Journal*

The purpose of this study is to examine whether the timing of auditor switches signals the riskiness of client firms. We find that late (or abrupt) terminations are more strongly related to client risk factors than early (or planned) terminations. We further document that auditors and investors properly assess riskiness of late terminations by increasing audit efforts and discounting the firm value.

Lynch, E. J., and Andiola, L. M. (2019). "If Eyes are the Window to Our Soul, What Role does Eye-Tracking Play in Accounting Research?". *Behavioral Research in Accounting*, 31(2), 107-133. Accepted for publication in *Behavioral Research in Accounting*

Recent advances in technology have increased the accessibility and ease in using eye-tracking as a research tool. These advances have the potential to benefit behavioral accounting researchers' understanding of the cognitive processes underlying individuals' judgments, decisions and behaviors. The purpose of this paper is to familiarize accounting researchers with eye-tracking, including its advantages and limitations as a research tool. We start by providing an overview of eye-tracking and discussing essential terms and useful metrics, as well as the psychological constructs they proxy. We then summarize eye-tracking research across research domains, review accounting studies that use eye-tracking, and identify future research directions across accounting topics.



STELLA ACOSTA

**Audit Oversight
Committee Appointment**

Lecturer, Stella Acosta, was appointed to the Audit Oversight Committee for the County of Orange. The purpose of the Audit Oversight Committee (Committee) is to serve as an advisory committee to the County of Orange Board of Supervisors on issues related to the County's internal audit function and the County's external audit coverage including the financial statements (e.g. Comprehensive Annual Financial Report, Single Audit Report and Management Letter) and federal and state audits.

FACULTY AWARDS – *Spring 2020*

Randy Hoffman
Walied Keshk

Accounting Advisory Board Teaching Excellence Award
Accounting Advisory Board Teaching Excellence Award

Wei Jiang
Sophia Wang
Myungsoo Son

Accounting Advisory Board Service Award
Accounting Advisory Board Service Award
Accounting Advisory Board Service Award

Jon Durrant
Richard Lu
Vivek Mande

EY Service Award
EY Teaching Excellence Award
EY-CCRG Professorship Award

April Morris
Wonik Choi
Anthony Chen
Roger Idnani
Edward Lynch
Jie Zhou

Moss Adams Teaching Excellence Award
Moss Adams Research Award
Moss Adams Service Award
Moss Adams Service Award
Moss Adams Service Award
Moss Adams Research Service Award



Dean Morteza Rahmatian shares a light moment at the Awards Banquet



Associate Professor Jie Zhou receiving the Moss Adams Research Award

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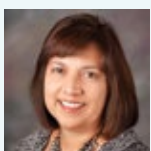
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I am very proud to be a CSUF alumna and grateful to the Department of Accounting for the education that I obtained. The donation from Moss Adams is intended to assist the accounting department in its transition to a School of Accountancy. A designation as a school will enable attract outstanding students and faculty, elevate the curriculum to new heights, and help Moss Adams and other firms in Orange County in recruiting the best and brightest in the region.

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WE NEED YOUR SUPPORT!

Thank you for all the support you have given to the Department of Accounting. Your generosity enables us to continue to offer scholarships to our students and to provide resources to our students and faculty. Please consider donating today to help sustain and elevate Orange County's leading accounting educational program. Your gift of any amount will immediately support our key priorities as we usher in a cutting edge, real world and tech-focused curriculum. Your donation is especially important to our transformation from a department to a School of Accountancy and all its prospects. Please also consider joining the School of Accountancy circle by making a pledge for five years.

For your convenience, we can provide you three methods to make your donation:

1. Give online at business.fullerton.edu/support-accounting with a credit or debit card.
2. Write a check made payable to "Department of Accounting, CSF Philanthropic Foundation, and mail to:
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Steven G. Mihaylo Hall, SGMH-4313
P.O. Box 6848
Fullerton, CA 92834-6848
3. Contact Vivek Mande at 657-278-2225 or by email at vmande@fullerton.edu.

Only through your support are we able to continue offering a full range of professional development, alumni support activities and scholarships to our students.

SCHOOL OF ACCOUNTANCY

We are pleased to announce that soon in 2020, the Department of Accounting will transform into a School of Accountancy. Morteza Rahmatian, dean of Mihaylo College, noted, "The proposed conversion of the department to a school is the next logical step for a program that has already distinguished itself by attaining international accounting accreditation. The school status will magnify the business college's impact and prestige, while building reputational capital for CSUF."

"The School of Accountancy will deliver a real-world curriculum centered around technology and data analytics," said Department Chair Vivek Mande. "We will partner with Orange County business to blend theory with practice to give students the knowledge necessary to be successful in their careers."

Chair of the Advisory Board and managing partner of Haskell and White, Wayne Pinnell, noted that "School status will raise the accounting program's profile and reinforce the college's intent to be a powerful partner in Orange County and in the larger Southern California region. This heightened awareness and the resulting expanded reach beyond Orange County will increase demand for CSUF's accounting graduates, improve faculty support and strengthen alumni pride."

President Fram Virjee talks to accounting alumni about the School of Accountancy





**MIHAYLO COLLEGE
OF BUSINESS AND ECONOMICS**

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Accreditation signifies a rigorous course of study, a well-qualified faculty, high standards for students, access to current technology, and an intensive library system. The Department of Accounting at California State University, Fullerton, is a separately accredited entity within the Mihaylo College of Business and Economics.